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Oral Testimony by Leandro M. Ravetti

before the

United States International Trade Commission

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Hearing on Olive Oil: Conditions of Competition between U.S. and Major Foreign Supplier Industries

My name is Leandro Ravetti. I am the Technical Director of Boundary Bend Ltd, Australia's largest olive oil producer and marketer, Alternate Director of the Australian Olive Association and Drafting Leader of the Australian Standard on Olive Oil. I would like to thank all members of the Commission for the opportunity to present my views in today's hearing.

Australia and the United States share a unique position in the world of olive oil as both countries are significant olive oil consumers and have modern olive oil industries that produce a minority of their domestic consumption. Consequently, local growers have to compete with imported products that, in the majority of cases, are heavily subsidised and come from countries with substantially higher import duties. In addition, their quality and authenticity have been repeatedly questioned and benefit from international standards designed by Mediterranean countries to suit their products and needs rather than the values and ethics consumers expect in the importing markets.

The most widely recognized international standards for olive oils and olive-pomace oils are: Codex Standard for Olive Oils and the International Olive Council Trade Standard Applying to Olive Oils. Other relevant standards due to the olive oil volumes traded in those countries are: European Commission Regulation on the characteristics of olive oil and United States Standards for Grades of Olive Oil.

The International Olive Council defines itself as a worldwide recognised authority on olive oil and table olives and claims that their standard on olive oil

serves as a basis for other standardisation agencies and organisations. Nonetheless, it is important to highlight that the majority of the world's production and consumption of olive oil is regulated by standards that differ from the International Olive Council standard in many critical aspects. The development of these divergent standards and regulations coincides with the emergence of new olive growing industries outside the traditional areas and the growth of olive oil consumption outside the European Union moving from 27% to 39% of the total world's consumption over the past 15 years. In addition, there have been significant changes to the International Olive Council rules of membership and voting introduced in 2005 where producing and exporting countries took absolute control eliminating the participation of importers from the voting equation.

The recently published Australian Standard is, perhaps, the clearest example of a divergent standard and, while it shares a number of areas in common with the previously mentioned standards, particularly associated to worldwide recognized analytical methodologies and critical limits; it significantly differs in a number of critical aspects. Some of those features that I will explain in more detail are: Simpler and clearer commercial denomination of the different categories of olive oils; review of the limits for a number of chemical parameters; introduction of modern analytical methods; and the adoption of a policy regarding olive oil shelf life in response to consumer needs.

Misleading and confusing commercial denominations such as 'Extra Light' and 'Pure' have been used in markets like the U.S. and Australia for years in order to promote sales of refined olive oil blends. Such terms have been demonstrated to be misleading for most consumers and they have been banned in Europe for several years now but they are ambiguously dealt with in IOC and Codex Standards. In response to consumer confusion the Australian Standard strictly prohibits the use of these terms in line with the E.U.

Chemical limits to define genuine olive oil have been established decades ago mostly utilising data of European oils. Several of their compositional limits do not adequately reflect global variations arising from different varieties and growing conditions and, as a consequence, they fail to accommodate many authentic high quality olive oils from around the world. Trade in authentic olive oils continues to be disrupted by application of composition and quality regulations similar to those in the International Olive Council standard, which,

for example, prevents Australia's or Argentina's number one varieties to be sold in the E.U. Recent U.S. research confirms that many authentic U.S. olive oils also fail current international limits of authenticity and would be affected by these technical barriers to trade if they were to be exported. The Australian Standard deals with this situation by redefining limits based on exhaustive statistical analysis and without compromising the integrity of testing.

The sale of lower grade oils and deodorised or soft refined olive oils as extra virgin olive oil is a global problem as it has been demonstrated by numerous studies in several countries and publicly accepted by the International Olive Council. American, German and Australian research demonstrated that the introduction of ISO recognised analytical methods such as Pyropheophytins and Diacylglycerols would be of great assistance to complement the organoleptic assessment of olive oil in order to detect and prevent such adulteration practices. These results are in contrast to the findings of the IOC chemists' group that opposed to the introduction of these methods in their standard. These methods have been implemented in the Australian Standard with great success.

Virgin olive oils are natural products obtained from the olive fruit and their nutritional, chemical and organoleptic quality is strongly correlated to their freshness. Curiously, no international standard (apart from the Australian Standard) makes any reference to a best before date policy or highlights the responsibility of the manufacturer to guarantee the integrity and grade of the product presented on the label for the life of the product. It is common that producers of substandard oils that fail random quality tests argue that those oils were within legal limits at the time of bottling with complete disregard of their responsibility over the product until point of sale to the consumer. This is obviously not acceptable to consumers and has been incorporated into the Australian Standard.

In summary, it is my view that the development, adoption and enforcement of a consumer oriented and scientifically based standard for olive oils trade in the U.S. will be critical to restore faith in the general public and to satisfy the needs of consumers and honest growers alike.